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## SOME PROPOSITIONS CONCERNING UNIVERSITY INSTRUCTION IN BUSINESS ADMINISTRATION

The movement of universities in the Middle West to establish lines of instruction appropriate to the needs of the business community has now completed some ten years of recognized history. That period of time has been largely occupied in elaborating individual courses (of which there may now be even too many), in perfecting methods of instruction, and in devising administrative machinery to facilitate or express the movement. There has been little interchange of opinion, or persistent endeavor to formulate standards; everyone has apparently been engrossed in the cultivation of his own vineyard. The developments of the last two or three years seem to indicate that the methods of American industry are being rapidly intellectualized; that a large section of the community is now turning to institutions of higher education, for the first time, to fit it for the changing conditions; and that therefore those university departments which are devoted to the branches of systematic knowledge most involved in business activities must quickly prepare themselves to bear serious responsibilities of instruction and leadership. In such a juncture it is essential that those who are most concerned should come into closer touch with each other, exchange views, deduce conclusions from the brief

experience available, help forward the laggards, establish standards, and define and emphasize the important questions which await solution.

In a general way the remarks which follow are intended to bring out three points. The first is the importance of defining the type of man (and his functions in business) to whom it is wise for the university to devote itself. The second point is the significance of scientific patience in the laying of a permanent foundation for instruction, by means of systematic investigation. One of the functions of the university will certainly be to point out the short-sightedness of the slap-dash methods so often used in American industry, and this duty cannot be properly discharged if the university itself commits the same errors in the field of learning. The third point is that the administration of industrial affairs is a form of government or diplomacy in the preparation for which general culture studies possess a degree of importance not equaled in those professions, based chiefly on physical science, in which the stuff acted upon is matter and force rather than human nature. A most intimate and harmonious adjustment of professional and liberal culture subjects in the student's program is therefore essential.

I have taken the liberty of placing my leading points before the reader in the form of a series of propositions. This I have done to focus attention upon them, to facilitate transfer from one theme of discussion to another and, finally, to convey the idea that these matters are offered for consideration with a view to their amendment and perfecting, rather than displayed as final conclusions.

1. *The purpose of university departments of business administration is to train men for managerial functions, and for the higher kinds of service as experts in accounting, financing, and distribution, and in the formulation of broad industrial and commercial policies for public or private agencies.*

*This purpose should also include the advancement of the sciences and educational methods by which this training can be given.*

It is important that we should aim at training men for these life-activities, which are at least as vital to society and which offer as great opportunities for bringing the powers of the personality to

bear, as do those other activities in which college graduates generally participate. Unless we do this our influence will serve to lower the function of the college as an institution in society.

The graduates of colleges and universities are never more than a handful in the nation. They exercise their power through leadership. One does not need to peruse the pages of Mr. Mallock to appreciate the fact that the special form of economic competition in which we, as educators, are interested is not that of the rank and file as individuals or masses, but is the competition between leaders to see which can give the best orders. If our ultimate purpose is to put industrial policies upon a scientific basis, and to control them by ideals of social welfare, the quickest way of achieving our aim is undoubtedly to concentrate upon the training of leaders. It is, then, outside our principal function, to prepare clerical "help," or salesmen, or even the lower orders of technical experts whose services exert slight influence upon the formation of industrial policies.

The first generation of great "captains of industry" in this country was composed of men of exceptional native powers who fought their way upward and gained eminence through a process of the survival of the fittest. As the phrase goes, they received their education in the school of experience. They seized leadership not only by right of ability but, technically, as the perquisite of the ownership of great fortunes. Since the ranks of these pioneers have begun to be seriously thinned by death, a notable change has been taking place in the character of our industrial leadership. The sons of the pioneers, reared in self-indulgence, do not as a rule show either the ability or the desire to take the places of their fathers as leaders. The large-scale corporate form of industry, now rendered familiar to the general public, is gathering the funds of small investors by hundreds of millions. There has begun to emerge a special class of administrators, who are not capitalists, but stand midway between the multitude of stock and bond owners on the one side, and the wage-earning classes and the public as consumers on the other. This special class is more and more becoming responsible for the inauguration and execution of industrial and commercial policies. It is the great opportunity of the

college to assist this rising profession to a consciousness of itself, to help it to realize its trusteeship, and to stimulate it to conceive itself as an intellectual aristocracy in the world of affairs. By affording the scientific training, and the knowledge of the basic principles of administration, properly buttressed by harmonious minor technical principles, the college may assist in making good the expectation, everywhere gaining ground in industry, that a new, high, fine, scientific, industrial leadership is about to come into existence.

2. *A tentative list of essential elements of an education in business administration (economics aside) is submitted as follows; the general principles of administration, the principles of corporation finance including accounting, the theory of modern mercantile distribution.*

It is, perhaps, unwise to attempt to distinguish degrees of importance between scientific themes as different and, each in its own domain, as essential as the three which have been mentioned; and I am conscious that in doing so I may be merely expressing a personal viewpoint. If, however, I were obliged to designate a subject which seemed to me likely in the future to become the central one in the group constituting the equipment for business administration, and one upon which courses might base themselves somewhat as courses in economics now do upon the elements, I should say that it would be the study of those general principles of administration which govern, or should govern, the activities of all bodies of men who work in organized relationships for the attainment of joint aims.

Such a science of administration will concern itself with conceptions of authority and responsibility, and will provide rules for the co-ordination of mutually functioning capacities, and their correlation. It will determine the basis upon which the division of labor as between administration and operation, and between principal and detail, should rest. It will concern itself with standards and schedules and sequences. It will provide a definite theory of rewards and punishments, together with a critical estimate of the modes of applying it. Such a body of principles will claim accounting as an indispensable instrument of precision; and it will not only

provide at once the logic upon which the internal relations of business units may be based, but will supply innumerable new viewpoints and aids toward the solution of problems of socio-industrial organization, one of the greatest of which is the problem of mercantile distribution.

3. *The founding of new and independent sciences in the field of business administration should be held as the ideal to strive for. While economics is the science most nearly related to the subjects just mentioned, it is only in part an underlying science with reference to them.*

The conception which we hold of the scientific position of our subjects exerts an influence upon us in classification and terminology, in the choice of methods of investigation, in the care with which we examine premises, and in our sense of having elbow-room.

My own view has been, heretofore, that a new foundation or lower stratum of organized knowledge was being laid underneath the present structure of economic theory, adding new premises, supplying missing inductions, and, in general, preparing the way for a second Adam Smith, to come some day and reconstruct the entire edifice. But the body of general principles now being brought to light, through studies in business administration, is becoming large, and it seems to remain reasonably distinct from the body of economic doctrine. It therefore may be questioned whether it is useful longer to consider these principles as something underlying economics, or as extensions of economics, or as applied economics, or as anything else than subjects complete in themselves.

Our definitions of political economy, as the science of wealth, do, it is true, claim the entire extent of economic phenomena as one domain; but this is a claim of territory filed long in advance of the settlement or effective development of some of its parts. There are large bodies of phenomena with reference to production and consumption which have not been worked by economists, so that no one can say in advance that the entire field will not be too large, when it is under cultivation, for one science to compass. There are numerous examples of sciences which have divided, or have sent off branches from a common base. It may be better to say, in the future, that there is a group of economic sciences.

The considerations which have most to do with the separation of sciences are, of course, chiefly practical in their nature. One of the most important of them, to my mind, is the stimulation of the investigator. We know that men do their best work when they feel assured that their opportunities are highly significant, and that the results of their efforts, if well done, will be permanent, through their permanent utilization by others. I submit the proposition, therefore, that the most stimulating working hypothesis for the present is that the investigations, now being carried on, constitute pioneer work in the founding of a new group of sciences.

Whatever working hypothesis we may prefer with reference to scientific relationships, the great question upon which unanimity is indispensable is that business administration signifies a new frontier of science, a frontier now being captured and subdued for the world of intellect. The view of industrial and commercial activity as a confused, dark, uncertain struggle of personal interests, as a drama of leadership, as a negotiation, and as an eternal compromise and succession of makeshifts, is the view propagated by mediocrity in industry, and too much echoed by those who profess to believe in the universal reign of law. The great leaders of industry have long repudiated it, and predicted the increasing entrance of science into affairs. Principles there are in abundance, already recognized, and within reach of the college instructor who will conceive himself as the "staff" man of industry, and will gather and sift, define and harmonize. There is even an abundance of principles on record, in the history of non-industrial forms of organized effort, and capable of being translated into principles of industrial action. In the long run the chief function of this generation of college men associated with business administration will be recognized to be, not teaching (before they have educated themselves), but scientific investigation. By their contributions to the body of permanent scientific principles they will be ultimately judged.

4. *To insure a free hand in the selection of means of investigation, and to make instruction less a communication of results and more a training of the student in methods of investigation, we should go directly to the fountain-head of methodology, and make a first-hand study of the history and forms of the scientific method.*

It is one of the defects of economics that, as to methods, it stands too much isolated in the world of science. It now no longer receives new impulses from philosophy as it once did, and it remains relatively ignorant of the meaning of the scientific method, as that method is used by workers in the natural sciences. The men upon whom rests the responsibility for the advancement of investigations in business administration need to realize that, if they are to deal with new bodies of facts, they should first of all carefully review the question of method. They should strive for freshness of vision—for the so-called outside point of view—and guard themselves against the transfer of methods and working conceptions from other subjects, without due discrimination.

Those who have been originally trained as economists need to observe the procedure in the physical sciences, with reference to the use of the inductive form of the scientific method. They should observe the directness and care with which scientists conduct the collection and analysis of data, and should emulate the patience with which this process is carried forward year after year, before decisive results are expected. Not less essential is it that they should learn the firmness with which data must finally be handled, to compel it to give up whatever fundamental laws and principles it contains. Unless this lesson of method can be taken from the physical sciences, there is danger, on the one hand, of muddling facts and piling up unmanageable data (perhaps wasting time giving them premature publication), and, on the other, of resorting, in instruction, to the fatal clearness of the unduly simplified premise and the over-emphasized distinction which, while they may be well enough in the elucidation of a closed system, are unwarranted assumption where all is yet tentative.

In the training of students who are to go out into the laboratory of industry, as business executives, the chief care should be to inculcate such habits of mind, and such points of view as will be later confirmed and developed, rather than disgraced, when they stand face to face with experience. The great success recently achieved by a group of men with engineering training, in discovering revolutionary principles of business management, should give pause to college men, and raise the question of the efficiency of the methods now being used and taught. Why were not some of these



discoveries made by men who had received training in economic science in college, instead of all being made by engineers?

5. *After the student begins work in business administration, his program should provide for the concurrent study of liberal culture subjects and professional subjects, throughout the period of university residence.*

I believe that it is only by means of keeping professional and general culture studies closely correlated, during the three later years of the college course, developing in each line certain aspects of what is presented concurrently in the other line, that we shall succeed in convincing youths, whose ambitions are narrow, of the fact that a broad preparation is the only really efficient one for positions of high responsibility. Let me illustrate by reference to the principles of administration. These principles are based upon human nature. The literary sources from which they may be drawn are philosophy and the wisdom literature, psychology, the history of political and military organizations, and the biographies of great leaders. The study by which they are to be fully grasped is a broad one. The application of the principles by the administrator likewise calls for broad knowledge, for it can be successfully done only with constant regard for the limitations imposed by the current state of society, the aspirations of different classes, and the furniture of general ideas existing in men's minds. The proper grasp of these matters cannot be obtained by the student unless he has appropriate courses in history, psychology, and political science to accompany his study of business administration. The most certain way of giving the professionally minded student a genuine intellectual hunger for these subjects is to accompany them with such professional courses as will furnish unanswerable proof of the vital relation of such subjects, when rightly conceived and taught, to the life he looks forward to. This union of cultural with professional subjects will also exert a beneficial influence upon the teachers themselves. As Cardinal Newman points out in his *Idea of a University*:

There will be this distinction as regards a professor of law, or of medicine, or of geology, or of political economy, in a university and out of it, that out of a university he is in danger of being absorbed and narrowed by his pursuit, and of

giving lectures which are the lectures of nothing more than a lawyer, physician, geologist, or political economist; whereas in a university he will just know where he and his science stand, he has come to it, as it were, from a height, he has taken a survey of all knowledge, he is kept from extravagance by the very rivalry of other studies, he has gained from them a special illumination and largeness of mind and freedom and self-possession, and he treats his own in consequence with a philosophy and a resource, which belongs not to the study itself, but to his liberal education.

There is another important side to this matter. We wish to train men to live as well as to work. During youth and early maturity, young men determine what relation, for them, ultimate subjects are to bear to immediate ones; and they habituate themselves to turn to certain things as relief subjects or avocations. If we wish a man, in later years, to gather stimulus and guidance from the experience of men in other fields of effort, and to secure refreshment, elasticity, and poise from literature and the arts, we must train him, throughout his youth, in the daily habit of doing so. While his mind is still plastic the bent must be formed of concurrently cultivating different sides of his nature, specifically, of keeping a professional or practical interest in view without surrendering everything to it.

The student who takes his liberal culture courses first, and later his professional studies, is given a sequence which suggests to him that his liberal culture studies are an incident of his callow years: an appropriate occupation for Freshmen and Sophomores, as an extension of the high-school work; and there is suggested to him that his later professional studies, and so the activities for which they fit him, are the only serious business of adult life. The ideal arrangement is to keep the two lines of thought and work side by side after, perhaps, the Freshman year until the end of college days, however long the professional study may be continued.

6. *With the exception of a few necessary graduate schools, the standard form of education in business administration should be an undergraduate program in a college of literature, science, and the arts, combining for the student the essentials of a liberal culture and a semi-professional education.*

There are many indications that there has been a gradual slowing-down in the cultural work of college students for many

years. The leisure which has been gained by the students is now expended (in default of something better) in campus activities. This condition indicates a decline of interest which I believe to be the result of the fact that the college has been increasingly recruiting persons who do not intend to go into the so-called liberal professions, and who, therefore, feel that a liberal culture program is not so vital a preparation for them as it was for their predecessors who went into the ministry and into teaching. Indeed, indifference and open skepticism with reference to the value of cultural courses is only too common among college men. What is needed is an element in the undergraduate program which shall have the gripping interest of preparation for life-work and which, closely coupled with the other parts of the four-year program, shall invest the whole with a new significance. That it is possible to turn the student's energy from the campus to the classroom we may believe when we note the intensity of application in professional schools where this interest is utilized.

The program, therefore, which appeals to me as the ideal one for the future business executive is one containing liberalizing elements, to broaden the judgment and cultivate the taste, and an energizer, occupying perhaps a third of the time of the last three years, which specifically links the student's present and future life-programs to each other. Nor should it be thought that this ideal of an energizer, related to life-work, is anything new in undergraduate courses. Such was Greek for the divinity students who once dominated the college situation. Such are now the modern languages, history, English, and pedagogy, as specialized in by the host of women who are fitting themselves to teach. Such are the biological sciences, for students preparing for medicine, and history and political science for those who expect to enter the law.

*7. All who are connected, through investigation or instruction, with the present movement for placing new departments of industrial activity upon a scientific basis, in the interest of greater efficiency, and of more just and liberal ideals, should appreciate the high calling whereunto they are called.*

My first proposition stated the purpose of university instruction to be the training of leaders. We cannot perform this function

efficiently unless we look beyond the class and the course and the individual students, and consider them as agencies by means of which we can, in some degree, make ourselves felt in the general movements of society. It is a vital matter that we should keep ourselves in contact with issues of such high importance that our sympathies are fully enlisted, and our ambitions aroused. In other words, to work efficiently we must experience enthusiastic devotion and find all our powers set loose to full freedom of action by a good conscience.

The remaking of industrial society is an important phase of the advance of progress and enlightenment. A short time ago it was the industrial revolution which changed physical processes, and then slowly reconstructed the industrial order; now it is a second industrial revolution which, through the application of the scientific method, aims to build a new basis of principles upon which business policy may rest; and which in so doing will again inevitably change much of the industrial order. It is our privilege to take part in a movement which is destined to end much drudgery, and much antagonism between industrial classes, and to substitute for present defective methods of organization and control an intelligent co-operation and expert guidance which will unlock a vast amount of energy now repressed and lost. Our work should contribute to raise the tone of industry by setting forth the new ideals of efficiency, of distributive justice, and of democracy.

If we lament the prominence of the desire for material acquisitions in our civilization, we may hope to be able to form an effective counteracting force, if within the domain of industry itself we can stimulate the ambition on the part of industrial leaders to realize these newer and more social ideals. Far from weakening the forces which make for the dominance of intellect in the world, it is our specific duty to raise industrial activity to the plane of an intellectual pursuit, governed by a high code of professional ethics, so that through the industrial life a new demonstration shall be given of the value of all which makes for the culture of the intellect.

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